COOR

Year-End Report 2018
January – December 2018

Fourth quarter of 2018

- Net sales increased by 24 per cent in the fourth quarter, to SEK **2,613** (2,112) million. Organic growth was 9 per cent and growth from acquisitions 11 per cent, while foreign exchange effects accounted for 3 per cent of the increase.
- Adjusted EBITA increased by 8 per cent to SEK **135** (125) million and the operating margin was **5.2** (5.9) per cent.
- EBIT was SEK **55** (71) million. Profit after tax was SEK **42** (48) million.
- Earnings per share were SEK **0.4** (0.5).
- Operating cash flow was SEK **283** (306) million. Excluding a negative balance day event, operating cash flow was **377** (306)
- The Board of Directors proposes a dividend for 2018 of SEK **4.00** (4.00) per share, of which SEK **2.00** (1.80) is ordinary and SEK **2.00** (2.20) extra dividend.

Full Year 2018

- Net sales for the full year 2018 increased by 23 per cent, to SEK **9,489** (7,722) million. Organic growth was 10 per cent and growth from acquisitions 10 per cent while foreign exchange effects accounted for 3 per cent of the increase.
- Adjusted EBITA increased by 5 percent to SEK **490** (468) million. The operating margin was **5.2** (6.1) per cent.
- EBIT was SEK **219** (268) million. Profit after tax was SEK **104** (188) million.
- Earnings per share were SEK **1.1** (2.0).
- Operating cash flow was SEK **354** (492) million. Excluding a negative balance day event, operating cash flow was **448** (492)

„ Growth in the Nordics, increased operating profit and a strong cash flow creates room for an extra dividend.

Mikael Stöhr,
President and CEO, Coor

GROUP EARNINGS SUMMARY*	Oct - Dec		Jan - Dec	
(SEK m)	2018	2017	2018	2017
Net sales	2,613	2,112	9,489	7,722
Organic growth, %	9	9	10	6
Acquired growth, %	11	0	10	0
Adjusted EBITA	135	125	490	468
Adjusted EBITA-margin, %	5.2	5.9	5.2	6.1
EBIT	55	71	219	268
Income for the period	42	48	104	188
Operating cash flow	283	306	354	492
Earnings per share, SEK	0.4	0.5	1.1	2.0

* The comparative figures for 2017 refer to continuing operations in the Group after the sale of the damage services business
See page 24 for definitions and calculations of key performance indicators. Non-recurring items are presented in Note 3.

CEO's comments

Growth in the Nordic region, increased operating profit and a strong underlying cash flow

The fourth quarter concluded a significant year for Coor. We grow by a fantastic 20 per cent; 10 per cent organically and another 10 per cent through acquisitions. Our operating profit increased by 5 per cent. We delivered a continued strong underlying cash flow. In addition to this, we see a robust pipeline of new business opportunities all through the Nordic region. The Board of Directors proposes a total dividend of SEK 4.00.

Growth in the entire Nordic region

With an organic growth of 9 per cent in the fourth quarter and 10 per cent for the full year, Coor took market shares within the Nordic countries during 2018.

Our service offering covers the entire Nordic region, and ranges from individual services with delivery on site, to deliveries that cover hundreds of services on a great number of sites all over the Nordic region. With 2018 behind us, Coor is still market leading within integrated facility management, and currently we also have a strong presence within indivudual services in all of the Nordic countries.

During 2018, Coor won a total of SEK 465 million in new annual contract volumes. With finalised contracts amounting to SEK 105 million, this implies a net added volume of SEK 360 million.

Long-term relationships are essential for Coor. In 2018, we extended 91 per cent of over SEK 2.6 billion in re-negotiated annual contract volumes. In the last three years, the retention rate is therefore 90 per cent, a proof of strength for Coor and a sign of our ability to, through continous improvements and innovations, deliver value for our customers over time.

In 2018, Coor acquired three companies in the Nordics, one Danish and one Norwegian cleaning company and a Norwegian property service company. It is rewarding that we fulfill our financial ambitions with these acqusitions, both as regards the realisation of synergies and in the way the acquired business develop. In the past year, these operations have been integrated in Coor and, above all, I am proud that we have managed to retain all our important new customers and employees, at the same time as we have increased both customer satisfaction and employee satisfaction levels in Coor's existing operations. It has taken hard work from many skilled employees to get there.

Increased operating profit

In the fourth quarter, Coor continued to deliver an increased profit. Compared to the corresponding period last year, the increased operating profit was mainly driven by Denmark and Norway. In the quarter, operating profit increased by 8 per cent and for the full year 2018, the increase was 5 per cent.

In 2018, we saw a combination of strong organic growth, strong growth through acqusitions and a successful retention and extension of large customer contracts. In the long term, the combination is highly positive for Coor. However, in the short term we can see that it will, as expected, have a negative impact on the operating margin. Following the start-up of a new or renegotiated and extended contract, it normally takes Coor a number of months to work through and streamline the new or relaunched service delivery. One of the main reasons behind the reduced contract margin during the start-up phase is that Coor always prioritises service quality and customer satisfaction over short-term margins

Strong underlying cash flow and low level of borrowings

Coor's operations are characterised by a low level of tied-up capital. The underlying cash conversion rate for 2018 was 97 percent, driven by an underlying decrease of the net working capital of SEK 67 million.

However, on the second to last business day of the year, careless conduct from a payroll supplier caused double salary payments in the Swedish operations. This unfortunate event had a direct negative impact of SEK 94 million. However, the negative impact was handled, and without cash flow effect for Coor, in January 2019.

At year-end, Coor's net debt to adjusted EBITDA was 2.4. This is, continously, in line with our goal, in spite of the three acquisitions, dividends of approximately SEK 380 million, and despite the mistake of the payroll supplier at year-end.

In accordance with what has been communicated earlier, this creates opportunities of an extra dividend, in addition to our dividend policy. In that way, we can transfer the customer value created during the year to our shareholders. Consequently, the Board of Directors proposes a total dividend for 2018 of SEK 4.00 per share.

A favourable outlook

We perceive a strong interest and good demand in the market as well as interesting business opportunities throughout the Nordic region. We believe our prospects to achieve growth, profitability and cash flow in line with our targets over time are good.

Stockholm, 21 February 2019

Mikael Stöhr
President and CEO, Coor

Group performance

Net sales and operating profit

CONSOLIDATED (SEK m)	Oct - Dec 2018	Oct - Dec 2017	Jan - Dec 2018	Jan - Dec 2017
Net sales	2,613	2,112	9,489	7,722
Organic growth, %	*9*	*9*	*10*	*6*
Acquired growth, %	*11*	*0*	*10*	*0*
FX effects, %	*3*	*-1*	*3*	*1*
Adjusted EBITA	135	125	490	468
Adjusted EBITA-margin, %	5.2	5.9	5.2	6.1
EBIT	55	71	219	268
EBIT-margin, %	2.1	3.4	2.3	3.5
Number of employees (FTE)	9,082	6,695	9,082	6,695

Fourth quarter (October - December)

Organic growth for the quarter was 9 percent, with all countries contributing positively. In addition to this, the three acquisitions completed during the year contributed with growth of 11 per cent.

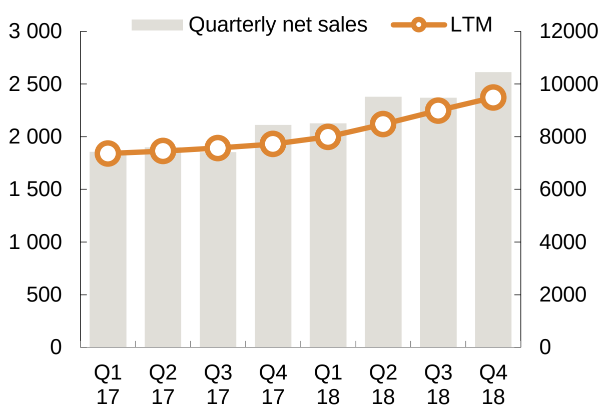
The operating profit (adjusted EBITA) increased by 8 per cent and was SEK 135 (125) million. The operating margin for the quarter was 5.2 (5.9) per cent. The change is partly explained by a lower margin in Sweden, as a result of the extension of a large contract and a number of initiated contracts. Finland also has a strongly impaired margin, partly as a result of a final provision for the expected credit loss that impacted the third quarter.

EBIT was SEK 55 (71) million. The increased EBIT was partly offset by increased non-recurring items, consisting of integration and restructuring expenses related to the acquisitions and extended contracts.

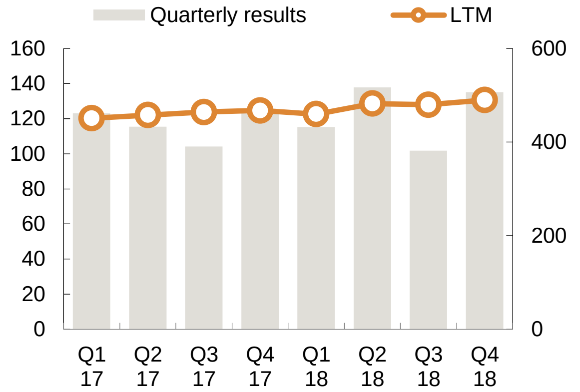
Full Year 2018

Organic growth for the full year was 10 per cent and growth resulting from aquisitions was 10 per cent compared to the previous year. The operating profit (adjusted EBITA) increased by 5 per cent to SEK 490 (468) million. The operating margin for the full year was 5.2 (6.1) per cent.

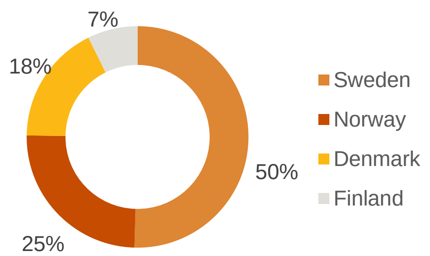
NET SALES (SEK M)



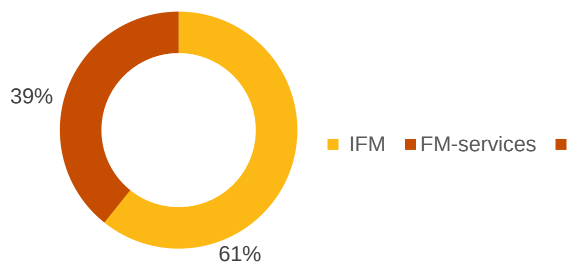
ADJUSTED EBITA (SEK M)



NET SALES BY COUNTRY, FULL YEAR 2018



NET SALES BY TYPE OF CONTRACT, FULL YEAR 2018



Financial net and profit after tax

FINANCIAL NET	Jan - Dec	
(SEK m)	2018	2017
Net interest	-40	-30
Borrowing costs	-6	-3
Other	-5	-6
Total excl exchange rate differences	**-51**	**-39**
Exchange rate differences	-10	15
Total	**-62**	**-24**

Net financial items for the full year 2018 decreased by SEK 38 million compared with the previous year, mainly as a result of negative translation differences. These are a result of the revaluation of loans in foreign currencies, with a higher rate on the balance sheet date for NOK and EURO at the 31 December compared to the previous year. In the previous year, translation differences were positive. The change in net interest income/expenses is due to the increase in liabilities related to completed acqusitions. The change in borrowing costs is due to borrowing costs linked to previous financing agreement being expensed in the fourth quarter.

Tax for the period was SEK -53 (-56) million, corresponding to 34 (23) per cent of profit before tax. In June 2018, a decision was taken to lower the Swedish corporate tax rate in two stages while limiting the deductibility of interest expenses. Following the change in the law, Coor restated its deferred tax asset in its Swedish business in the second quarter, which resulted in a net expense of around SEK 11 million. Excluding this non-recurring effect, the tax expense was 26 (23) per cent of earnings before tax. The change compared with the previous year is mainly due to the fact that certain acquisition costs are non-deductible. Profit after tax was SEK 104 (188) million.

Cash flow

Operating cash flow for the fourth quarter was SEK 283 (306) million, which is in line with the seasonal variation for the Group, with the fourth quarter being the strongest. The fourth quarter normally sees a reduction in accrued project income, as many projects are being completed and invoiced. However, the strong underlying cash flow was negatively impacted by a serious mistake made by Coor's supplier of payroll services in Sweden. In breach of agreed upon processes, the supplier made a double payment of salaries to employees in Sweden. This was immediately discovered by Coor but could not, dependeding on too few remaining business days, be corrected before year-end. The whole amount was repaid in January, and measures have been taken to secure that the supplier will not cause this kind of harm again.

Operating cash flow varies from one quarter to the next. The key parameter is therefore the rolling twelve-month change in working capital. In 2018, working capital increased by SEK 27 million, which is a detoriation compared with the previous year. Without the erronous salary payment, operating capital had decreased by SEK 67 million during the year.

The most important external KPI for cash flow is cash conversion, which is defined as the ratio of a simplified operating cash flow to adjusted EBITDA. Cash conversion for the full year 2018 was 80 (103) per cent. Without the erronous salary payment, cash conversion would have been 97 per cent.

CASH CONVERSION (SEK m)	Full year 2018	Full year 2017
Adjusted EBITDA	558	517
Change in net working capital	-27	89
Net investments	-84	-75
Cash flow for calculation of cash conversion	**447**	**531**
Cash flow, proforma [1]	**541**	**531**
Cash conversion, %	**80**	**103**
Cash conversion proforma, % [1]	**97**	**103**

1) Cash conversion adjusted for erronous salay payment by Coor's payroll supplier in Sweden.

Financial position

NET DEBT	31-dec	Dec 31
(SEK m)	2018	2017
Liabilities to credit institutions	1,686	1,394
Other	67	13
	1,753	**1,408**
Cash and cash equivalents	-435	-709
Net debt	**1,318**	**699**
Leverage	2.4	1.4
Equity	2,164	2,464
Equity/assets ratio, %	33	40

Consolidated net debt was SEK 1,318 (699) million at year-end. The increase compared to the previous year is partly due to the acquisitions that were made during the year and partly due to the dividend paid to the shareholders in May.

The leverage, defined as net debt to adjusted EBITDA, was 2.4 (1.4) at year-end, which is still in line with the Group's target of a leverage below 3.0.

Equity at the end of the period was SEK 2,164 (2,464) million, and the equity/assets ratio 33 (40) per cent. The decrease in the equity/assets ratio compared with the previous year is due to a dividend payment of SEK 383 million in the second quarter.

Cash and cash equivalents at the end of the period were SEK 435 (709) million. As of the 31 December 2018 the Group had undrawn credit lines of SEK 90 (290) million.

In January 2019, Coor refinanced the loans raised in connection with the IPO with a new credit facility. The facility amounts to SEK 2,500 million, of which a portion is a bridge loan that will be refinanced during 2019.

Significant events in the fourth quarter

- On the 1 October Marcus Karsten took over as new CEO for Finland. He also joined the Group's senior management team.

Significant events after the end of the period

No significant events have taken place after the end of the period.

Contract portfolio

The net change in the contract portfolio for the full year was +SEK 360 million. In addition to the large IFM contract with Storebrand, a number of small and medium-sized contracts have been signed with, among others, Swedavia in Sweden, IKEA in Finland and Novo Nordisk in Denmark. Meanwhile, seven contracts have been terminated during the year.

CHANGES IN THE CONTRACT PORTFOLIO

	2018		2017	
	Number of contracts	Annual sales	Number of contracts	Annual sales
New contracts during the period	25	465	17	565
Concluded contracts during the period	-7	-105	-1	-25
Net change in the portfolio	**18**	**360**	**16**	**540**

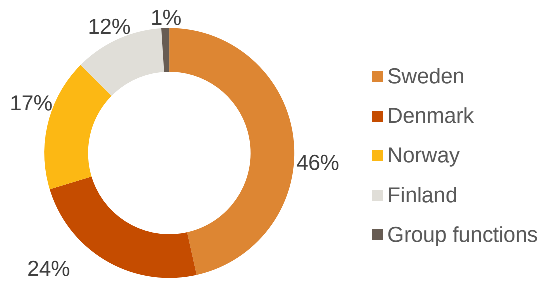
[1] *Changes in the contract portfolio include all contracts over SEK 5 million in annual sales and are reported semi-annually. For new agreements signed during the period, the contracted or estimated annual sales should be listed. For contracts that have been terminated during the period, the sales for the latest 12-month period with full delivery should be listed.*

The renegotiation volume for 2018 was approximately SEK 2.6 billion (SEK 1 billion). The retention rate for the year was as high as 91 per cent, with only a few minor contracts terminated. For the last three years the total retention rate is, thereby, 90 percent.

Organisation and employees

At year-end the number of employees was 11,174 (7,273), or 9,082 (6,695) on a full-time equivalent basis. The increase in the number of employees is mainly due to the three acquisitions completed during the year, but also to the initiation of new contracts and the expansion of existing contracts.

NUMBER OF EMPLOYEES (FULL-TIME EMPLOYEE EQUIVALENTS), 31 DECEMBER 2018



Operations by country

Sweden

SWEDEN	Oct - Dec		Jan - Dec	
(SEK m)	2018	2017	2018	2017
Net sales	1,277	1,228	4,788	4,527
Organic growth, %	*4*	*10*	*6*	*7*
Acquired growth, %	*0*	*0*	*0*	*0*
FX-effects, %	*0*	*0*	*0*	*0*
Adjusted EBITA	116	123	434	456
Adjusted EBITA-margin, %	9.1	10.1	9.1	10.1
Number of employees (FTE)	4,222	3,843	4,222	3,843

Fourth quarter (October - December)

In the fourth quarter, the Swedish business grew by 4 per cent. As in the last few quarters, growth was driven by new volumes in a small and medium-sized contracts, the last stage of the commissioning of the new buildings at the Karolinska University Hospital in Solna, as well as variable volumes in a number of large contracts.

The operating profit (adjusted EBITA) for the period was SEK 116 (123) million and the operating margin 9.1 (10.1) per cent.

The change in the margin is mainly explained by the extension of the Ericsson contract. The contract has been affected, partly, by the initiated geographic restructuring and partly by the normal contract extension effect, which initially leads to lower margins. The margin in the quarter was also negatively impacted by a number of upstarts of small and medium-sized contracts.

In the quarter, the contract with E.ON and a part of the contract with Volvo Cars were extended.

Full Year 2018

Organic growth for the full year was 6 percent.

Operating profit (adjusted EBITA) decreased by 5 percent compared to the same period in the previous year and the operating margin was 9.1 (10.1) per cent.

Norway

NORWAY	Oct - Dec		Jan - Dec	
(SEK m)	2018	2017	2018	2017
Net sales	666	498	2,351	1,851
Organic growth, %	*16*	*3*	*15*	*0*
Acquired growth, %	*11*	*0*	*8*	*0*
FX-effects, %	*7*	*-5*	*4*	*1*
Adjusted EBITA	41	33	150	123
Adjusted EBITA-margin, %	6.1	6.5	6.4	6.6
Number of employees (FTE)	1,556	1,163	1,556	1,163

Fourth quarter (October - December)

During the period, Coor’s Norwegian business expanded by an impressive 34 per cent, of which 16 per cent represented organic growth. The acquisition of West FM and OBOS Eiendomsdrift added a further 11 per cent to growth in period.

Organic growth is being driven by increased variable volumes in a number of contracts, as well as new small and medium-sized contracts, including the new contract with Storebrand, initiated in September.

The quarterly operating profit (adjusted EBITA) increased by 26 per cent to SEK 41 (33) million and the operating margin was 6.1 (6.5) per cent. The changed margin was partly due to the start of the contract with Storebrand, and partly to lower margins in parts of the variable volumes.

The integration of West FM continued during the fourth quarter. Both the integration and the underlying operations proceed according to plan.

Full Year 2018

Organic growth for the full year was 15 per cent and growth resulting from aquisitions was 8 per cent.

Operating profit (adjusted EBITA) increased by 22 per cent compared to the previous year and the operating margin was 6.4 (6.6) per cent.

Denmark

DENMARK	Oct - Dec		Jan - Dec	
(SEK m)	2018	2017	2018	2017
Net sales	477	234	1,658	799
Organic growth, %	*14*	*18*	*18*	*12*
Acquired growth, %	*79*	*0*	*78*	*0*
FX effects, %	*10*	*1*	*12*	*2*
Adjusted EBITA	25	15	64	37
Adjusted EBITA-margin, %	5.2	6.2	3.9	4.7
Number of employees (FTE)	2,163	777	2,163	777

Fourth quarter (October - December)

The Danish business grew by all of 104 per cent in the fourth quarter. Organic growth was 14 per cent while the acquisition of Elite Miljø added a further 79 per cent to growth in period. Organic growth was driven by the new contract with Copenhagen Municipality, new small and medium-sized contracts, and high variable volumes.

The quarterly operating profit (adjusted EBITA) of the Danish business increased by 70 per cent to SEK 25 (15) million, and the operating margin was 5.2 (6.2) per cent. The change in the margin was driven by new contracts with initially lower margins as well as slightly lower profitability from variable volumes, as well as the margin of Elite Miljø. The company entered, as previously communicated, with a lower operating margin than Coor's existing operations. The margin has been increased gradually during the year but continues to have a certain negative mix effect. Both the underlying operating profit and cost synergies, as well as the operations as a whole in Elite Miljø have developed according to plan.

Full Year 2018

Organic growth for the full year was 18 per cent and growth resulting from the aquisition of Elite Miljø was 78 percent.

Operating profit (adjusted EBITA) increased by 72 percent to SEK 64 (37) million compared with the previous year and the operating margin was 3.9 (4.7) per cent.

The number of employees increased significantly during the year, as a result of the acquistion of Elite Miljø.

Finland

FINLAND	Oct - Dec		Jan - Dec	
(SEK m)	2018	2017	2018	2017
Net sales	193	153	694	550
Organic growth, %	*20*	*12*	*19*	*11*
Acquired growth, %	*0*	*0*	*0*	*0*
FX effects, %	*7*	*1*	*8*	*2*
Adjusted EBITA	-1	6	7	16
Adjusted EBITA-margin, %	-0.5	3.9	1.1	3.0
Number of employees (FTE)	1,047	829	1,047	829

Fourth quarter (October - December)

In the fourth quarter, Finland generated organic growth of 20 per cent, driven by the cleaning contract with Sokotel, as well as a number of new small contracts.

The margin decreased in the fourth quarter compared with the previous year. The operating profit was affected by a final provision of around further SEK 2 million for the expected credit loss which also impacted the third quarter. The margin has also continued to be negatively impacted by the Sokotel contract and a number of other, by Finnish standards relatively large cleaning contracts.

Full Year 2018

Organic growth for the full year was 19 per cent.

The operating profit (adjusted EBITA) for the full year was SEK 7 (16) million and the operating margin was 1.1 (3.0) per cent. In total, the expected credit loss impacted the operating profit for the year negatively by approximately SEK 5 million.

Significant risks and uncertainties

The Group's significant risks and uncertainties consist of **strategic risks** related to changes in market and economic conditions as well as sustainability and **operational risks** related to customer contracts. The Group is also exposed to various kinds of **financial risks**, such as currency, interest and liquidity risks. A detailed description of the Group's risks is provided in the Annual Report, which is available on the company's website. No further significant risks are deemed to have arisen since the publication of the 2017 Annual Report.

Acquisitions and sales

The acquisition of the Norwegian property services company OBOS Eiendomsdrift AS was completed on 1 February 2018 and the acquisition of the Danish cleaning services company Elite Miljø A/S was completed on 23 February 2018. The acquisition of the Norwegian service provider West Facility Management AS was completed on 2 July 2018. For more information, please see Note 4.

Parent company

The Group's parent company, Coor Service Management Holding AB, provides management services to its wholly-owned subsidiary Coor Service Management Group AB. The parent company also manages shares in subsidiaries.

Profit after tax in the parent company was SEK 177 (179) million. Total assets in the parent company at 31 December were SEK 8,161 (8,187) million. Equity in the parent company was SEK 5,313 (5,568) million.

Related party transactions

No transactions between Coor and related parties that had a material impact on the company's financial position and results took place during the period.

Ownership structure

The shares of Coor Service Management Holding AB were listed on Nasdaq Stockholm on 16 June 2015. At the end of the period the three largest shareholders were Capital Group, Fidelity Investments and Nordea Fonder.

COOR'S FIFTEEN LARGEST SHAREHOLDERS DECEMBER 31, 2018 [1)]

Shareholder	Number of shares and votes	Shares and votes, %
Capital Group	7,719,000	8.1
Fidelity Investments (FMR)	7,428,971	7.8
Nordea Fonder	7,165,856	7.5
Didner & Gerge Fonder	6,440,800	6.7
Andra AP-fonden	5,884,628	6.1
Swedbank Robur Fonder	4,246,723	4.4
Taiga Fund Management AS	4,024,256	4.2
Crux Asset Management Limited	3,855,304	4.0
BMO Global Asset Management	3,619,859	3.8
SEB-Stiftelsen	3,450,000	3.6
AMF Försäkring & Fonder	3,002,202	3.1
Aviva	2,660,426	2.8
AFA-försäkring	2,529,686	2.6
Länsförsäkringar Fonder	1,160,954	1.2
Danske Invest Fonder	949,480	1.0
Total 15 largest shareholders	**64,138,145**	**66.9**
Other shareholders	31,673,877	33.1
Total	**95,812,022**	**100.0**

[1)] Source: Monitor by Modular Finance AB. Compiled and adapted data from Euroclear, Morningstar, the Swedish Financial Supervisory Authority and other sources.

Shares

The price of Coor shares rose by 13 per cent in 2018 compared with the OMXSPI index which fell by 8 per cent during the corresponding period.

The number of shares is 95,812,022.

Dividend

The Board of Directors proposes a dividend for 2018 of SEK 4.00 (4.00). The dividend consists of ordinary dividend of SEK 2.00 (1.80). In addition, there is an extra dividend of SEK 2.00 (2.20). The extra dividend corresponds to the excess cash available in relation to the Group's target for net debt. The total dividend is thereby SEK 383 million.

The report for the period has not been reviewed by the company's auditors.

Stockholm, 21 February 2019

For the Board of Directors of Coor Service Management Holding AB

Mikael Stöhr
President and CEO

For more information

For questions concerning the financial report, please contact our CFO and Director of Investor Relations Olof Stålnacke (+46 10 559 59 20).

For questions concerning the operations or the company in general, please contact Mikael Stöhr, President and CEO (+46 10 559 59 35) or Magdalena Öhrn, Director of Communications (+46 10 559 55 19).

IR Coordinator: Sara Marin (+46 10 559 59 51).

More information is also available on our website: www.coor.com

Invitation to a press and analyst presentation

On 21 February, at 9.30 a.m. CET, the company's President and CFO will give a presentation on developments in the fourth quarter in a webcast. To participate in the webcast, please register in advance using the following link:
http://event.on24.com/wcc/r/1918864-1/D3208CC9F866DEB4948E1F771E17520B?partnerref=rss-events
To listen to the presentation by telephone, dial +46851999383 (Sweden), +4723500236 (Norway), +4578150108 (Den mark), +358981710523 (Finland) or +443333009263 (UK)

The briefing material and a recording of the webcast will be published on the company's website www.coor.com under Investors/Reports and presentations, after the briefing.

Financial calendar

Interim Report January – March 2019	2 May 2019
Interim Report January – June 2019	18 July 2019
Interim Report January – September 2019	7 November 2019

This constitutes information which Coor Service Management Holding AB is required to publish under the EU's Market Abuse Regulation. The information was submitted for publication through the above contact person on 21 February 2019, at 7:30 a.m. CET.

Coor is a leading provider of facility management services in the Nordic countries, focusing on integrated and complex service undertakings (IFM). Coor offers specialist expertise in workplace services (soft FM), property services (hard FM) and strategic advisory services for development of customers' service activities. Coor creates value by executing, leading, developing and streamlining its customers' service activities, ensuring that they provide optimal support to the core business over time. Coor's customer base includes many large and small companies and public-sector organisations across the Nordic region, including ABB, AB Volvo, Aibel, Det Norske Veritas, E.ON, Ericsson, Equinor, EY, NCC, Politiet (Danish police), Saab, Sandvik, SAS, Telia Company, the Swedish Transport Administration, Vasakronan and Volvo Cars.

Established in 1998, Coor has been listed on the Nasdaq Stockholm exchange since June 2015. Coor takes responsibility for the operations it conducts, in relation to its customers, employees and shareholders, as well as for its wider impact on society and the environment. Read more at www.coor.com

CONSOLIDATED INCOME STATEMENT	Oct - Dec		Jan - Dec	
(SEK m)	2018	2017	2018	2017
Continuing operations				
Net sales	2,613	2,112	9,489	7,722
Cost of services sold	-2,373	-1,885	-8,580	-6,896
Gross income	**240**	**227**	**909**	**827**
Selling and administrative expenses	-185	-156	-691	-558
Operating profit	**55**	**71**	**219**	**268**
Net financial income/expense	5	-7	-62	-24
Profit before tax	**60**	**64**	**157**	**244**
Income tax expense	-18	-16	-53	-56
Income for the period, continuing operations	**42**	**48**	**104**	**188**
Discontinued operations				
Income for the period	0	-35	0	-148
Income for the period, total	**42**	**13**	**104**	**40**
Operating profit	**55**	**71**	**219**	**268**
Amortisation and impairment of goodwill, customer contracts and trademarks	46	43	176	170
Items affecting comparability *(note 3)*	34	11	95	29
Adjusted EBITA	**135**	**125**	**490**	**468**
Earnings per share, before and after dilution, SEK				
Continuing operations	0.4	0.5	1.1	2.0
Discontinued operations	0.0	-0.4	0.0	-1.5
Earnings per share, total	**0.4**	**0.1**	**1.1**	**0.4**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Oct - Dec		Jan - Dec	
(SEK m)	2018	2017	2018	2017
Income for the period	**42**	**13**	**104**	**40**
Items that may be subsequently reclassified to profit or loss				
Currency translation differences	-42	3	29	-23
Other comprehensive income for the period	**-42**	**3**	**29**	**-23**
Total comprehensive income for the period	**0**	**16**	**133**	**17**

The interim information on pages 10–24 is an integral part of this financial report.

CONSOLIDATED BALANCE SHEET

(SEK m)	Dec 31 2018	Dec 31 2017
Assets		
Intangible assets		
Goodwill	3,036	2,693
Customer contracts	696	723
Other intangible assets	150	116
Property, plant and equipment	109	85
Financial assets		
Deferred tax receivable	203	226
Other financial assets	14	12
Total non-current assets	**4,208**	**3,856**
Current assets		
Accounts receivable	1,343	1,159
Tax receivables	0	8
Other current assets, interest-bearing	1	1
Other current assets, non-interest-bearing	488	403
Cash and cash equivalents	435	709
Total current assets	**2,266**	**2,280**
Total assets	**6,474**	**6,136**

	Dec 31 2018	Dec 31 2017
Equity and liabilities		
Equity	**2,164**	**2,464**
Liabilities		
Non-current liabilities		
Borrowings	1,744	1,399
Deferred tax liability	45	24
Provisions for pensions	20	19
Other non-interest bearing liabilities	1	2
Total non-current liabilities	**1,810**	**1,444**
Current liabilities		
Interest-bearing liabilities	4	3
Current tax liabilities	32	30
Accounts payable	1,023	944
Other current liabilities	1,434	1,249
Short-term provisions	6	3
Total current liabilities	**2,500**	**2,228**
Total equity and liabilities	**6,474**	**6,136**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Jan - Dec	
(SEK m)	2018	2017
Opening balance at beginning of period	**2,464**	**2,734**
Income for the period	104	40
Other comprehensive income for the period	29	-23
Long-term incentive programs	-49	0
Transactions with shareholders	-383	-287
Closing balance at end of period	**2,164**	**2,464**

There are no non-controlling interests, as the parent company owns all shares of all subsidiaries.

CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	Oct - Dec 2018	Oct - Dec 2017	Jan - Dec 2018	Jan - Dec 2017
Continuing operations				
Operating profit	**55**	**71**	**219**	**268**
Adjustment for non-cash items	64	58	246	208
Finance net	-11	-10	-45	-36
Income tax paid	-13	-18	-44	-36
Cash flow before changes in working capital	**95**	**101**	**376**	**404**
Change in working capital	188	203	-27	89
Cash flow from operating activities	**283**	**304**	**349**	**493**
Net investments	-24	-26	-83	-74
Acquisition of subsidiaries *(Note 4)*	0	0	-436	0
Cash flow from investing activities	**-24**	**-26**	**-520**	**-74**
Change in borrowings	-132	17	270	11
Dividend	0	0	-383	-287
Other	-1	0	-1	-2
Cash flow from financing activities	**-132**	**17**	**-114**	**-278**
Cash flow from continuing operations	**127**	**295**	**-285**	**142**
Cash flow from discontinued operations	**0**	**-5**	**0**	**-23**
Total cash flow for the period	**127**	**290**	**-285**	**119**
Cash and cash equivalents at beginning of period	335	422	709	603
Exchange gains on cash and cash equivalents	-28	-3	11	-13
Cash and cash equivalents at end of period	**435**	**709**	**435**	**709**

CONSOLIDATED OPERATING CASH FLOW

(SEK m)	Oct - Dec 2018	Oct - Dec 2017	Jan - Dec 2018	Jan - Dec 2017
Continuing operations				
EBIT	55	71	219	268
Depreciation and amortisation	65	57	244	219
Net investments	-24	-26	-83	-74
Change in working capital	188	203	-27	89
Adjustment for non-cash items	-1	2	2	-11
Operating cash flow	**283**	**306**	**354**	**492**
Adjustment for items affecting comparability	34	11	95	29
Other	0	-3	-3	10
Cash flow for calculation of cash conversion	**317**	**315**	**447**	**531**
Cash conversion, %	**206**	**227**	**80**	**103**

GEOGRAPHICAL SEGMENTS	Oct - Dec		Jan - Dec	
(SEK m)	2018	2017	2018	2017
Net sales				
Sweden	**1,277**	**1,228**	**4,788**	**4,527**
Total sales	*1,307*	*1,262*	*4,910*	*4,657*
Internal sales	*-30*	*-34*	*-122*	*-130*
Norway	**666**	**498**	**2,351**	**1,851**
Total sales	*669*	*499*	*2,359*	*1,861*
Internal sales	*-3*	*-1*	*-8*	*-10*
Finland	**193**	**153**	**694**	**550**
Total sales	*193*	*153*	*694*	*550*
Internal sales	*0*	*0*	*0*	*0*
Denmark	**477**	**234**	**1,658**	**799**
Total sales	*477*	*235*	*1,659*	*802*
Internal sales	*0*	*-1*	*-1*	*-3*
Group functions/other	**0**	**-1**	**-1**	**-5**
Total	**2,613**	**2,112**	**9,489**	**7,722**
Adjusted EBITA				
Sweden	116	123	434	456
Norway	41	33	150	123
Finland	-1	6	7	16
Denmark	25	15	64	37
Group functions/other	-46	-52	-166	-165
Total	**135**	**125**	**490**	**468**
Adjusted EBITA is reconciled to profit before tax as follows:				
Amortisation and impairment of goodwill, customer contracts and trademarks	-46	-43	-176	-170
Items affecting comparability *(note 3)*	-34	-11	-95	-29
Net financial income/expense	5	-7	-62	-24
Profit before tax	**60**	**64**	**157**	**244**

	Oct - Dec		Jan - Dec	
Adjusted EBITA margin, %	2018	2017	2018	2017
Sweden	9.1	10.1	9.1	10.1
Norway	6.1	6.5	6.4	6.6
Finland	-0.5	3.9	1.1	3.0
Denmark	5.2	6.2	3.9	4.7
Group functions/other	-	-	-	-
Total	**5.2**	**5.9**	**5.2**	**6.1**

NET SALES BY TYPE OF CONTRACT	Oct - Dec		Jan - Dec	
(SEK m)	2018	2017	2018	2017
Net sales				
IFM	1,565	1,423	5,765	5,300
FM - services	1,048	689	3,724	2,423
Total	**2,613**	**2,112**	**9,489**	**7,722**

QUARTERLY DATA (SEK m)	2018				2017			
GEOGRAPHICAL SEGMENTS	IV	III	II	I	IV	III	II	I
Net sales, external								
Sweden	1,277	1,129	1,204	1,178	1,228	1,084	1,114	1,101
Norway	666	605	563	517	498	439	458	456
Finland	193	176	166	159	153	138	137	122
Denmark	477	459	447	274	234	193	192	180
Group functions/other	0	0	0	-1	-1	-1	-2	-2
Total	**2,613**	**2,369**	**2,380**	**2,127**	**2,112**	**1,853**	**1,900**	**1,857**
Adjusted EBITA								
Sweden	116	72	123	123	123	95	114	124
Norway	41	41	36	32	33	27	30	33
Finland	-1	8	1	-2	6	10	2	-1
Denmark	25	20	18	2	15	10	5	7
Group functions/other	-46	-39	-41	-40	-52	-37	-36	-40
Total	**135**	**102**	**138**	**115**	**125**	**104**	**115**	**123**
Adjusted EBITA-margin, %								
Sweden	9.1	6.4	10.2	10.4	10.1	8.7	10.2	11.3
Norway	6.1	6.8	6.4	6.2	6.5	6.1	6.6	7.2
Finland	-0.5	4.8	0.9	-1.0	3.9	7.1	1.2	-0.8
Denmark	5.2	4.3	4.0	0.6	6.2	5.2	2.7	4.1
Group functions/other	-	-	-	-	-	-	-	-
Total	**5.2**	**4.3**	**5.8**	**5.4**	**5.9**	**5.6**	**6.1**	**6.6**

QUARTERLY DATA (SEK m)	2018				2017			
TYPE OF CONTRACT	IV	III	II	I	IV	III	II	I
Net sales, external								
IFM	1,565	1,389	1,428	1,383	1,423	1,279	1,317	1,281
FM-services	1,048	980	952	745	689	575	583	576
Total	**2,613**	**2,369**	**2,380**	**2,127**	**2,112**	**1,853**	**1,900**	**1,857**

PARENT COMPANY INCOME STATEMENT

(SEK m)	Oct - Dec 2018	Oct - Dec 2017	Jan - Dec 2018	Jan - Dec 2017
Net sales	**1**	**4**	**4**	**7**
Selling and administrative expenses	-4	-11	-24	-33
Operating profit	**-3**	**-7**	**-20**	**-26**
Net financial income/expense	**5**	**-9**	**-66**	**-33**
Group contribution	315	290	315	290
Income before tax	**317**	**274**	**229**	**230**
Income tax expense	-52	-51	-52	-51
Income for the period	**264**	**223**	**177**	**179**

PARENT COMPANY BALANCE SHEET

(SEK m)	Dec 31 2018	Dec 31 2017
Assets		
Shares in subsidiaries	7,789	7,789
Deferred tax asset	52	104
Other financial assets	1	1
Total non-current assets	**7,842**	**7,894**
Receivables from Group companies*	317	292
Other trading assets	2	1
Cash and cash equivalents*	0	0
Total current assets	**319**	**293**
Total assets	**8,161**	**8,187**

	Dec 31 2018	Dec 31 2017
Equity and liabilities		
Shareholders' equity	**5,313**	**5,568**
Liabilities		
Borrowings	1,737	1,394
Provisions for pensions	2	2
Total non-current liabilities	**1,738**	**1,396**
Liabilities to Group companies*	1,101	1,209
Accounts payable	0	0
Other current liabilities	9	14
Total current liabilities	**1,110**	**1,223**
Total liabilities	**2,848**	**2,619**
Total equity and liabilities	**8,161**	**8,187**

** The company is part of the Group wide cash pool with the subsidiary Coor Service Management Group AB as master account holder. The balance in the Group cash pool is accounted for as a current receivable or liability to Group companies.*

Key Performance Indicators

KEY PERFORMANCE INDICATORS Continuing operations (SEK m)	Oct - Dec 2018	Oct - Dec 2017	Jan - Dec 2018	Jan - Dec 2017
Net sales	2,613	2,112	9,489	7,722
Net sales growth, %	23.7	8.0	22.9	6.2
of which organic growth, %	*9.0*	*9.2*	*10.2*	*5.6*
of which acquired growth, %	*11.5*	*0.0*	*9.9*	*0.0*
of which FX effect, %	*3.2*	*-1.2*	*2.8*	*0.6*
Operating profit (EBIT)	55	71	219	268
EBIT margin, %	2.1	3.4	2.3	3.5
EBITA	101	114	394	438
EBITA margin, %	3.9	5.4	4.2	5.7
Adjusted EBITA	135	125	490	468
Adjusted EBITA margin, %	5.2	5.9	5.2	6.1
Adjusted EBITDA	154	139	558	517
Adjusted EBITDA margin, %	5.9	6.6	5.9	6.7
Adjusted net profit	88	91	280	358
Net working capital	-626	-630	-626	-630
Net working capital / Net sales, %	-6.6	-8.2	-6.6	-8.2
Operating cash flow	283	306	354	492
Cash conversion, %	206	227	80	103
Net debt	1,318	699	1,318	699
Leverage	2.4	1.4	2.4	1.4
Equity/assets ratio, %	33	40	33	40

DATA PER SHARE	Oct - Dec 2018	Oct - Dec 2017	Jan - Dec 2018	Jan - Dec 2017
Share price at end of period	70.4	62.5	70.4	62.5
No. of shares at end of period	95,812,022	95,812,022	95,812,022	95,812,022
No. of ordinary shares (weighted average)	95,812,022	95,812,022	95,812,022	95,812,022
Dividend per share [1)]	4.00	4.00	4.00	4.00
Earnings per share, before and after dilution, (SEK)				
Earnings per share, continuing operations (SEK)	0.44	0.50	1.09	1.96
Earnings per share, discontinued operations (SEK)	0.00	-0.37	0.00	-1.54
Earnings per share, total (SEK)	**0.44**	**0.13**	**1.09**	**0.42**
Shareholders' equity per share, SEK	**22.59**	**25.71**	**22.59**	**25.71**

1) Dividend to be adopted at the Annual General Meeting on May 2, 2019.

Notes

Note 1 – Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. The applied accounting principles are consistent with those described in the Group's annual report for 2017 with the exception of the new standards and interpretations which became effective on 1 January 2018.

IFRS 15 Revenue from Contracts with Customers and *IFRS 9 Financial Instruments* came into effect on 1 January 2018.

IFRS 15 Revenue from Contracts with Customers: IFRS 15 introduces a new principle-based model for revenue recognition. A five-stage model is introduced, under which revenue should be recognised when a customer receives control over the sold good or service and is able to use or obtains a benefit from the good or service. The Group's principal source of revenue is services in which control is transferred to the customer in connection with delivery. Based on the analysis of the standard, it is considered that there are no significant differences compared with the previously applied accounting principles, which means that the standard will not have any impact on the consolidated financial statements, other than the expanded disclosure requirements in IFRS 15. Under IFRS 15, revenue is allocated to different categories to clarify the nature of the revenue. Coor considers that a breakdown of consolidated revenue by geographic segment and type of customer contract (IFM contracts and contracts for single or a small number of combined FM services) is the most appropriate breakdown. This breakdown is consistent with the Group's segment information and is presented on pages 14–15 of this interim report.

IFRS 9 Financial Instruments: IFRS 9 introduces new rules for the classification and measurement of financial instruments, impairment of financial instruments and hedge accounting. The analysis of the standard shows that it will have no impact on the consolidated financial statements.

IFRS 16 Leases: IFRS 16 replaces the existing standard for accounting of leases. The Group will apply the standard from 1 January 2019. IFRS 16 requires that all assets and liabilities related to leases, with a few exceptions, be recognised in the balance sheet. Exceptions exist for low-value assets and leases with a term of less than 12 months. The Group has initiated the process of assessing the potential effects on the financial statements. The most significant effect identified is that the Group will need to recognise new assets and liabilities for its operating leases, mainly in respect of leases for premises, cars and trucks. See Note 7 for a presentation of the expected effects from IFRS 16.

The parent company financial statements have been prepared in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board.

Due to rounding, some totals in this interim report may differ from the sum of individual items.

Note 2 – Financial Instruments

The carrying amounts and fair values for borrowing, which is included in the category financial liabilities at amortised cost, are as follows:

	Carrying amount		Fair value	
	Dec 31		Dec 31	
(SEK m)	2018	2017	2018	2017
Finance lease liabilities	9	6	9	6
Liabilities to credit institutions	1,686	1,394	1,686	1,394
Other non-current liabilities	52	2	52	2
Total	**1,748**	**1,402**	**1,748**	**1,402**

The existing credit margin in the Group's financing agreements is deemed to be consistent with market terms, and the carrying amount therefore approximates fair value. The Group considers that the liabilities have been measured in accordance with Level 2 of the fair value hierarchy, which means that the measurement is based on observable market inputs.

Note 3 – Items affecting comparability

Items affecting comparability are excluded from the measure of operating profit, adjusted EBITA, which the Group regards as the most relevant metric. The following table specifies the items affecting comparability that had an impact on earnings during the period. Integration and restructuring comprise organic transactions as well as acquisitions. Integration costs refer, for example, to costs for integrating IT systems while restructuring refers to costs related to staff reductions. Acquisition-related costs refer exclusively to transaction costs.

ITEMS AFFECTING COMPARABILITY	Oct - Dec		Jan - Dec	
(SEK m)	2018	2017	2018	2017
Integration	-26	-9	-55	-20
Restructuring	-7	-4	-32	-4
Acquisition related expenses	0	0	-7	-6
Other	-1	2	0	1
Total	**-34**	**-11**	**-95**	**-29**

Note 4 – Acquisitions

On 1 February 2018, Coor completed the acquisition of OBOS Eiendomsdrift AS, a Norwegian property services company. The company employs 45 staff and has annual sales of around SEK 70 million. In connection with the acquisition, Coor signed a strategic partnership agreement with the seller, the OBOS group.

On 23 February 2018, Coor completed the acquisition of the Danish cleaning services firm Elite Miljø A/S. Elite Miljø has around 2,000 employees and annual sales of about SEK 700 million. The acquisition will increase Coor's geographic coverage, create significant potential synergies and add to Coor's skills base in key cleaning segments.

The acquisition of the Norwegian service provider West Facility Management AS was completed on 2 July 2018. The company has about 300 employees and generates annual sales of around SEK 140 million. The acquisition has had a positive impact on Coor's growth and skills base, mainly in the crucial cleaning segment.

The assets, liabilities and cash flow which have been recognised as a result of the acquisitions are the following:

(SEK m)	Obos Eiendomsdrift AS	Elite Miljø A/S	West Facility Mgmt AS	Total
Purchase price				
Total consideration	**47**	**335**	**106**	**488**
The assets acquired and liabilities assumed that have been recognised as a result of the acquisitions are the following				
Property, plant and equipment	4	20	6	29
Intangible assets – customer contracts	0	101	43	144
Intangible assets – trademarks	0	6	1	7
Other financial assets	0	1	0	1
Cash and cash equivalents	11	34	7	52
Accounts receivable and other current receivables	7	134	17	159
Deferred tax liability	0	-22	-10	-32
Liabilities to credit institute	0	0	-8	-8
Accounts payable and other current liabilities	-17	-145	-27	-189
Acquired identifiable net assets	**5**	**128**	**30**	**163**
Goodwill	42	207	76	325
Total acquired net assets	**47**	**335**	**106**	**488**
Cash flow attributable to acquisitions for the period				
Consideration paid	47	335	106	488
Cash in acquired businesses	-11	-34	-7	-52
Net outflow, cash and cash equivalents	**36**	**301**	**99**	**436**

The total transaction cost for the acquisitions is SEK 7 million and mainly refers to costs for lawyers and financial advisors. These costs are recognised in selling and administrative expenses in the income statement and are included in operating activities in the cash flow statement.

In connection with the acquisition of Elite Miljø, customer contracts and trademarks with a total value of SEK 107 million were identified. The goodwill of SEK 207 million which arose from the acquisition of Elite Miljø is primarily attributable to the employees' skills in the cleaning segment and to increased profitability in the form of synergies from the acquisition.

The acquisition of OBOS Eiendomsdrift gave rise to goodwill of SEK 42 million, which is mainly attributable to the employees' skills within property service as well as the synergies which Coor expects to result from the acquisition.

In connection with the acquisition of West FM, customer contracts and trademarks with a total value of SEK 44 million were identified. The goodwill of SEK 76 million which arose from the acquisition is primarily attributable to the employees' skills in the cleaning segment and to increased profitability in the form of synergies from the acquisition.

No portion of the recognised goodwill is expected to be tax-deductible.

Income of acquired businesses
The acquired businesses increased consolidated net sales by SEK 807 million for the period 1 January to 31 December 2018. If the acquisitions had taken place on 1 January 2018, the acquired businesses would have increased consolidated net sales by SEK 1,018 million on a pro forma basis for the period 1 January to 31 December 2018.

Note 5 – Pledged assets and contingent liabilities

PLEDGED ASSETS	Dec 31	
(SEK m)	2018	2017
Bank guarantees	136	103
Total	**136**	**103**

CONTINGENT LIABILITIES	Dec 31	
(SEK m)	2018	2017
Performance bonds	175	154
Total	**175**	**154**

Parent company
The parent company has provided a parent company guarantee of SEK 31(0) million to secure financial commitments for the Finnish subsidiary regarding leasing frame and bank guarantees. The parent company has also provided a parent company guarantee for a subsidiary in Norway to ensure fulfillment of delivery to a larger customer. There are no other pledged assets or contingent liabilities in the parent company.

Note 6 – Share-based compensation schemes

In accordance with a resolution of the Annual General Meeting, the company introduced a target- and performance-based incentive scheme (LTIP 2018) for senior executives and other key individuals in the Coor Group in September 2018. The aim of the scheme is to improve the company's ability to recruit and retain key individuals and encourage long-term personal ownership of Coor shares among the participants and thereby align the interests of participants and shareholders. To qualify for the scheme, participants will be required to own Coor shares that are allocated to the scheme. Each participant will have the right to allocate a specified number of shares. For each invested share, participants will then be entitled to an allocation of target- and performance-based subscription rights at the end of the vesting period. The allocation of subscription rights depends on the extent to which the defined targets and performance conditions have been met during the performance period 1 January 2018 – 31 December 2020. The employee is also required to retain his or her investment shares and remain an employee of Coor at the end of the vesting period. The vesting period will end in connection with the publication of Coor's interim report for the first quarter of 2021.

The performance-based subscription rights are divided into three series:
Series A – customer satisfaction index: The allocation of subscription rights of series A is contingent on the improvement in Coor's customer satisfaction index in relation to the defined targets
Series B – earnings performance: The allocation of subscription rights of series B is contingent on the improvement in Coor's earnings (adjusted EBITA) in relation to the adopted business plan.
Series C – relative total return performance: The allocation of subscription rights of series C is contingent on the total return performance of Coor's shares in relation to a weighted average in a group of other companies (the benchmark group).

In total, the scheme comprised a maximum of 91,750 investment shares with a maximum allocation of 415,250 performance-based subscription rights. The take-up of the scheme was around 84 per cent, which meant that a total of 348,724 subscription rights were allocated at the issue date, comprising 75,431 subscription rights of series A, 197,862 of series B and 75,431 of series C.

To ensure delivery of shares under the scheme, the AGM resolved to authorise the Board of Directors to conclude share swap agreements with third parties on market terms. At December 31, 2018, the debt attributable to the share swap amounts to SEK 51 million and is recognised as a financial debt in the balance sheet included in the net debt of the Goup.

Members of senior management were also offered, in addition to performance-based subscription rights, to acquire a certain number of Coor stock call options. A market-based premium was paid for the call options. The options scheme comprises 320,000 options.

Note 7 – Effects from new accounting standard for leases (IFRS 16)

IFRS 16 *Leases* enters into force on the 1 January 2019. The implemenation of the standard implies that almost all leases will be recognised in the lessee's balance sheet, as there is no longer deemed to be any difference between operational and financial leases. In acordance with the new standard, an asset (the right to use a leased aset) and a financial liability (concerning the obligation to pay leasing fees) will be recognised. Short-term leases and leases for which the underlying asset is of insignificant value are excluded.

In the past year, the Group has reviewed all leases due to the new regulations in IFRS 16. The conclusion after this analysis is that the Group will recognise rights of use and leasing liabilities mainly pertaining to leases for rented premises and leases for cars and trucks. The Group will apply the simplified method at the transition to IFRS 16, which means that the comparative figures do not have to be revalued. The effects from the transition will be recognised in the balance sheet as of 1 January 2019.

The Group will recognise rights of use amounting to approximately SEK 365 million as of 1 January 2019 and leasing debts amounting to SEK 365 million. The Group expects that adjusted EBITA, which is used to measure the segments' performance, will increase slightly, compared to the previous accounting principles. This is due to the fact that the costs of the operational leases were previously included in adjusted EBITA, but now only the depreciation of the right of use is included in adjusted EBITA, while the interest of the leasing debt is included in financial net. The Group expects a marginal effect on the net debt to adjusted EBITDA, both the numerator (net debt) and the denominator (adjusted EBITDA) will increase at the transition to IFRS 16. Cash flow from operating activities will increase and cash flow from financing activities will decrease at the transition to IFRS 16, as a result of interest and repayments linked to the leasing debt will be classified as cash flows from financing activities.

The recognition of the Group in its role as lessor will, in all material aspects, be unchanged.

Purpose of the selected key performance indicators

To give its investors and other stakeholders clearer information about the Group's operations and its underlying success factors, Coor has chosen to provide information about a number of key performance indicators. The purpose of these indicators is explained in the following. See page 24 for definitions of terms and the calculation of key performance indicators.

Growth

The Group deems that organic growth best reflects the underlying growth of the business, as this measure excludes the effect of acquisitions and fluctuations in exchange rates.

Earnings and profitability

To reflect the performance and profitability of the underlying business more accurately, the Group has defined key performance indicators in which earnings have been adjusted for items affecting comparability and for amortisation and impairment of goodwill, customer contracts and trademarks. The Group considers that adjusted EBITA is the measure of operating profit which most clearly reflects the underlying profitability. It is also based on this measure of earnings that the Group's segments are followed up and evaluated internally.

The adjusted net profit measure of earnings excludes the non-cash items amortisation and impairment of goodwill, customer contracts and trademarks from consolidated net profit and is used as a basis for deciding on dividends to the shareholders.

Cash flow and working capital

The Group continuously monitors operating cash flow, which includes the operating profit (excluding non-cash items), net investments and changes in working capital. The Group has chosen to exclude cash flow related to financial transactions and income taxes from this measure in order to provide a clearer picture of the cash flow generated by the operations.

The Group's objective is to maintain a cash conversion ratio of at least 90 per cent on a rolling 12-month basis. To ensure that the measure provides a true and fair picture over time, the Group calculates cash conversion using measures of operating profit and operating cash flow which exclude items affecting comparability.

To achieve the defined target for cash conversion, it is important to minimise working capital and maintain a negative working capital. The Group therefore continuously monitors the size of working capital relative to net sales.

Net debt and leverage

To ensure that the Group has an appropriate funding structure at all times and is able to fulfil its financial obligations under its loan agreement, it is relevant to analyse net debt and leverage (defined as net debt divided by adjusted EBITDA). The Group's objective is to maintain a leverage of less than 3.0 times.

Reconciliation of key performance indicators

The following table shows a reconciliation between the calculated KPIs and the income statement and balance sheet.

RECONCILIATION OF ADJUSTED KEY PERFORMANCE INDICATORS	Oct - Dec		Jan - Dec	
(SEK m)	2018	2017	2018	2017
Operating profit (EBIT)	**55**	**71**	**219**	**268**
Amortisation and impairment of customer contracts and trademarks	46	43	176	170
EBITA	**101**	**114**	**394**	**438**
Items affecting comparability *(note 3)*	34	11	95	29
Adjusted EBITA	**135**	**125**	**490**	**468**
Depreciation	19	14	68	50
Adjusted EBITDA	**154**	**139**	**558**	**517**
Income from continuing operations	**42**	**48**	**104**	**188**
Amortisation and impairment of customer contracts and trademarks	46	43	176	170
Adjusted net profit	**88**	**91**	**280**	**358**

SPECIFICATION OF NET WORKING CAPITAL	Oct - Dec		Jan - Dec	
(SEK m)	2018	2017	2018	2017
Accounts receivable	1,343	1,159	1,343	1,159
Other current assets, non-interest-bearing	488	403	488	403
Accounts payable	-1,023	-944	-1,023	-944
Other current liabilities, non-interest-bearing	-1,434	-1,249	-1,434	-1,249
Adjustment for accrued financial expenses	0	0	0	0
Net working capital	**-626**	**-630**	**-626**	**-630**

SPECIFICATION OF NET DEBT	Oct - Dec		Jan - Dec	
(SEK m)	2018	2017	2018	2017
Borrowings	1,744	1,399	1,744	1,399
Provisions for pensions	20	19	20	19
Interest-bearing current liabilities	4	3	4	3
Cash and cash equivalents	-435	-709	-435	-709
Other financial non-current assets, interest-bearing	-14	-12	-14	-12
Other current assets, interest-bearing	-1	-1	-1	-1
Net debt	**1,318**	**699**	**1,318**	**699**

See page 13 for a reconciliation of operating cash flow and cash conversion.

Definitions

Cost of services sold Costs which are directly related to the performance of the invoiced services, depreciation of property, plant and equipment, and amortisation of goodwill, customer contracts and trademarks.

Items affecting comparability Items affecting comparability mainly comprise costs for integration of contracts and acquisitions as well as more extensive restructuring programmes. Items affecting comparability are included either in cost of services sold or selling and administrative expenses.

EBITA Operating profit before amortisation of goodwill, customer contracts and trademarks.

Adjusted EBITA Operating profit before amortisation of goodwill, customer contracts and trademarks, excluding items affecting comparability.

Adjusted EBITDA Operating profit before depreciation of all property, plant and equipment and amortisation of all intangible assets, excluding items affecting comparability.

Adjusted net profit Profit after tax excluding amortisation of goodwill, customer contracts and trademarks.

Operating cash flow Cash flow from operating activities excluding interest paid/received and income tax paid but including net investments in property, plant and equipment and intangible assets.

Working capital Non-interest-bearing current assets less non-interest-bearing current liabilities at the balance sheet date.

Net investments Investments in property, plant and equipment and intangible assets less consideration received on sale of property, plant and equipment and intangible assets.

Calculation of key performance indicators

Net sales growth Change in net sales for the period as a percentage of net sales for the same period in the previous year.

Organic growth Change in net sales for the period as a percentage of net sales for the same period in the previous year excluding acquisitions and foreign exchange effects.

Acquired growth Net sales for the period attributable to acquired businesses, excluding foreign exchange effects, as a percentage of net sales for the same period in the previous year.

EBITA margin EBITA as a percentage of net sales.

Adjusted EBITA margin Adjusted EBITA as a percentage of net sales.

Adjusted EBITDA margin Adjusted EBITDA as a percentage of net sales.

Working capital/net sales Working capital at the balance sheet date as a percentage of net sales (rolling 12 months).

Net debt Non-current and current interest-bearing assets less non-current and current interest-bearing liabilities at the balance sheet date.

Earnings per share Profit for the period attributable to shareholders of the parent company divided by average number of ordinary shares.

Equity per share Equity at the end of the period attributable to shareholders of the parent company divided by the number of shares at the end of the period.

Equity/assets ratio Consolidated equity and reserves attributable to shareholders of the parent company at the balance sheet date as a percentage of total assets at the balance sheet date.

Cash conversion Adjusted EBITDA less net investments and adjusted for changes in working capital as a percentage of adjusted EBITDA.

Leverage Net interest-bearing debt at the balance sheet date divided by adjusted EBITDA (rolling 12 months).